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10

11 UNITED STATES DISTRICT COURT
12 SOUTHERN DISTRICT OF CALIFORNIA
13 SAN DIEGO DIVISION
14

15 GABRIEL TECHNOLOGIES
CORPORATION and TRACE
16 TECHNOLOGIES, LLC,

17 Plaintiffs,

18 v.

19 QUALCOMM INCORPORATED,
SNAPTRACK, INC. and NORMAN
20 KRASNER,

21 Defendants.
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Case No. 08-cv-1992 MMA POR

**DEFENDANTS QUALCOMM,
INCORPORATED, SNAPTRACK, INC., AND
NORMAN KRASNER'S REDACTED
OPPOSITION TO PLAINTIFFS' MOTION TO
COMPEL DISCOVERY RESPONSES**

Date: February 7, 2011
Time: 10:00 a.m.
Judge: Hon. Louisa S. Porter

REDACTED PUBLIC VERSION

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1 **I. INTRODUCTION**

2 Plaintiffs filed this lawyer-manufactured case over two years ago yet remain unable to
 3 identify any trade secrets with the particularity California Code of Civil Procedure Section
 4 2019.210 requires, as this Court ordered them to in March 2010. Plaintiffs' *fifth attempt* to
 5 identify viable trade secrets still comes up short. It describes general characteristics of Plaintiffs'
 6 purported trade secrets but fails to particular ly identify the technology, software, software
 7 architecture, hardware architecture, algorithms, implementations, and methods in sufficient detail
 8 to permit the Court to properly frame discovery and to permit Defendants to prepare their
 9 defense.

10 Moreover, Plaintiffs had to explain the "specifics" of their alleged trade secrets with
 11 nearly 100 pages of expert declaration testimony and over 300 pages of technical documents.¹
 12 This is *prima facie* evidence that the Trade Secret Identification does not comply with Section
 13 2019.210. Plaintiffs admit:

14 The numbered trade secrets ... reflect the aspects of the Locate system that were
 15 integral to establishing the system and the interrelationship of its various aspects.
 16 ... To support this showing, four experts in the fields that are relevant to the trade
 secrets ... describe in detail the specifics of the trade secrets and their
 implementation in the Locate system.

17 (Plaintiffs' Revised Memorandum of Points & Authorities, p. 8.) To identify a trade secret
 18 Plaintiffs must disclose much more than vague "aspects" of a system—they must give specifics of
 19 how the system works, which they admit they have not done.

20 On January 5, just days before filing this motion, Plaintiffs' latest lawyers created an
 21 entirely-new fifth Trade Secret Identification. That Identification is a transparent attempt to re-
 22 manufacture the case. Indeed, this recently-conjured Trade Secret Identification seems to accuse
 23 patents and a Qualcomm product (inGeo) that are not part of the Fourth Amended Complaint. It
 24 is unsurprising that this fifth Trade Secret Identification is entirely different from Plaintiffs' first

25 _____
 26 ¹ Amazingly, some of the technical documents on which Plaintiffs' rely as "evidence" of their
 27 trade secrets are proprietary documents of third parties or, most astonishingly, of Defendant
 28 Snaptrack, Inc. itself. (See Statement of Work for Bainbridge, attached as Exhibit 15 to the
 Declaration of Peter A. Sullivan ("Sullivan Dec."); System Overview of Network Assisted GPS
 Over Reflex, Sullivan Dec., Ex. 16; SnapTrack, Inc. Enhanced GPS Technology White Paper,
 Sullivan Dec., Ex. 17.)

1 Trade Secret Identification and bears little resemblance to even Plaintiffs' fourth Trade Secret
 2 Identification. The trade secrets keep changing because Plaintiffs are making this case up as they
 3 go along. They are not making allegations grounded in fact. Instead, they are changing their
 4 allegations to suit their "evidence," which is exactly what Section 2019.210 is designed to
 5 prevent. Simply put, Plaintiffs are having difficulty articulating their purported trade secrets
 6 because they have none.

7 Plaintiffs' alleged trade secrets have been—and will remain—a moving target until they
 8 designate them with the detail Section 2019.210 requires, as this Court ordered them to do ten
 9 months ago.² Indeed, Plaintiffs admit that they intend to continue changing their alleged trade
 10 secrets as discovery progresses; they attempt to reserve the unfettered right to amend their Trade
 11 Secret Identification. Such a reservation would stand Section 2019.210 on its head and would
 12 allow Plaintiffs to continue doing what they have been doing thus far—fashioning their trade
 13 secrets to fit the "evidence" rather than articulating well-founded trade secrets and seeking
 14 discovery of evidence to support the alleged misappropriation of those trade secrets. Without
 15 guidance from the Court, Plaintiffs' Trade Secret Identification will remain amorphous,
 16 malleable, vague, and shifting.

17 Plaintiffs' desperate argument that Section 2019.210 does not apply in this Court is also
 18 meritless. Section 2019.210 applies here as a matter of law. The Court recognized as much in the
 19 Scheduling Order. Because Plaintiffs failed to comply with that Order by identifying their trade
 20 secrets with reasonable particularity, the Court should deny Plaintiffs' motion in its entirety.

21 **II. BACKGROUND**

22 On October 24, 2008, Plaintiffs filed their original complaint. Since then, Plaintiffs have
 23 amended their complaint four times. Plaintiffs' filed their Fourth Amended Complaint on

24 ² Plaintiffs' motion only addresses Defendants' objections based on California Code of Civil
 25 Procedure Section 2019.210 ("Section 2019.210"). Thus, Defendants' opposition is limited to
 26 addressing only Section 2019.210. Defendants do not waive all other objections to Plaintiffs'
 27 discovery requests (see Exhibit 12 to the Declaration of John S. Kyle) and reserve the right to
 28 refuse to produce discovery based on those objections. Defendants are also unclear as to the
 specific relief Plaintiffs seek. Plaintiffs' proposed order simply requests that Defendants "provide
 discovery." Even if the Court granted Plaintiffs' motion, the Court should not compel Defendants
 to provide any discovery as Plaintiffs' motion does not address Defendants' other objections.

1 January 11, 2010. On March 30, 2010, the Court entered a Scheduling Order. (Declaration of
2 John Kyle (“Kyle Dec.”), Ex. 1.) That Scheduling Order provides:

3 4. In accordance with Section 2019.210 of the California Code of Civil
4 Procedure, Plaintiffs shall identify any alleged trade secrets with *reasonable*
5 *particularity* on or before **May 1, 2010**. See Computer Econ., Inc. v. Gartner
6 Group, Inc., 50 F. Supp. 2d 980 (S.D. Cal. 1999)(holding that Section 2019.210
7 applies to cases in federal court).

8 (Italics added.)

9 On April 30, 2010, Plaintiffs served their initial Trade Secret Identification. (Kyle Dec.,
10 Ex. 2.) Plaintiffs’ initial Trade Secret Identification was inadequate. Thus, on May 24, 2010,
11 after several meet and confer efforts, Plaintiffs served their Amended Trade Secret Identification.
12 (Kyle Dec., Ex. 3.) Plaintiffs’ second attempt at a sufficient trade secret identification also failed.
13 Accordingly, on June 22, 2010, Plaintiffs served a third Trade Secret Identification. (Kyle Dec.,
14 Ex. 4.) Once again, Plaintiffs’ third Trade Secret Identification did not satisfy the requirements of
15 Section 2019.210. Thus, on August 2, 2010, Plaintiffs’ served their “Second”³ Amended Trade
16 Secret Identification. (Kyle Dec., Ex. 5.)

17 On August 24, 2010, Defendants sent Plaintiffs a letter objecting to Plaintiffs’ “Second”
18 Amended Trade Secret Identification on various grounds. (Kyle Dec., Ex. 6.) Plaintiffs failed to
19 further amend their trade secret identification. On October 12, 2010, the Court ordered a stay on
20 all discovery. (Dkt. 118.) After vacating the discovery stay, the Court held a status conference
21 on December 21, 2010, during which Plaintiffs advised Defendants and the Court that they would
22 file a motion to compel regarding their trade secret identification. (Kyle Dec., ¶ 8.) Before the
23 conference, Plaintiffs advised Defendants that they would be making small modifications to the
24 fourth Trade Secret Identification. (*Id.*) The Court ordered Plaintiffs to file their motion on or
25 before January 10, 2011. (Dkt. 122.) On January 5, 2011—three business days before filing this
26 motion—Plaintiffs served their fifth Trade Secret Identification. (Kyle Dec., Ex. 7.) The fifth
27 Trade Secret Identification is entirely different from the first and bears little resemblance to even
28 the fourth Trade Secret Identification.

³ In actuality, this was Plaintiffs’ fourth trade secret identification.

III. LEGAL STANDARDS FOR SUFFICIENTLY IDENTIFYING TRADE SECRETS

California Code of Civil Procedure Section 2019.210 provides:

In any action alleging the misappropriation of a trade secret under the Uniform Trade Secrets Act (Title 5 (commencing with Section 3426) of Part 1 of Division 4 of the Civil Code), before commencing discovery relating to the trade secret, the party alleging the misappropriation shall identify the trade secret with reasonable particularity subject to any orders that may be appropriate under Section 3426.5 of the Civil Code.

A. Section 2019.210 Serves Numerous Important Purposes

The purpose of Section 2019.210 is to (a) dissuade the filing of meritless trade secret complaints, (b) prevent the plaintiff from using discovery to obtain the defendant's trade secrets, (c) assist the court in framing the proper scope of discovery, and (d) enable the defendant to form "complete and well-reasoned defenses." *Perlan Therapeutics, Inc. v. Superior Court*, 178 Cal.App.4th 1333, 1343 (Cal. Ct. App. 2009) (hereinafter, "*Perlan*") (quoting *Advanced Modular Sputtering, Inc. v. Superior Court*, 132 Cal.App.4th 826, 833-834 (Cal. Ct. App. 2005)); see *Computer Econ., Inc. v. Gartner Group, Inc.*, 50 F. Supp. 2d 980, 985 (S.D. Cal. 1999). A leading article on the issue of trade secret identification sets forth twelve reasons why a reasonably particular trade secret identification is necessary. See Graves & Range, *Identification of Trade Secret Claims in Litigation: Solutions for a Ubiquitous Dispute*, 5 Nw. J. Tech. & Intell. Prop. 68, 73-75 (2006) (hereinafter, "*Graves & Range*"). Among those reasons are: (a) ensuring that allegations of trade secret misappropriation are made in good faith, (b) preventing plaintiffs from avoiding the statute of limitations, (c) setting the proper bounds for discovery, (d) "prevent[ing] a plaintiff from making overbroad secrecy claims encompassing vast categories of information," and (e) preventing a plaintiff from unilaterally amending its claims as the lawsuit progresses. *Id.*

For these reasons, Section 2019.210 requires a plaintiff alleging misappropriation of trade secrets to identify its trade secrets with "reasonable particularity." "The degree of 'particularity' that is 'reasonable' will differ, depending on the alleged trade secrets at issue in each case. Where, as here, the alleged trade secrets consist of incremental variations on, or advances in the state of the art in a **highly specialized technical field, a more exacting level of particularity**

1 **may be required** to distinguish the alleged trade secrets from matters already known to persons
 2 skilled in the art field.” *Advanced Modular Sputtering, Inc.*, 132 Cal.App.4th at 836 (emphasis
 3 added). This case concerns the “highly specialized technical field” of Assisted Global
 4 Positioning System technology (aGPS), which is the technology enabling cellular handsets to
 5 function as position location devices. Accordingly, the Court should require “a more exacting
 6 level of particularity” as discussed below.

7 **B. Guidelines for a Reasonably Particular Trade Secret Identification**

8 Several cases are instructive on the level of particularity required in a highly technical
 9 field like aGPS. In *Imax Corp. v. Cinema Tech., Inc.*, 152 F.3d 1161 (9th Cir. 1998), Imax’s
 10 alleged trade secret was a “rolling loop” film projector. The district court held that Imax’s trade
 11 secret identification was insufficient because it failed to disclose the “precise dimensions and
 12 tolerances” of the projector’s components. *Id.* at 1166. On appeal, the Ninth Circuit agreed,
 13 reasoning that the trier of fact could not determine what “dimensions and tolerances” were trade
 14 secrets without knowing precisely what they are and the defendant could not prepare its defenses
 15 without knowing precisely which “dimensions and tolerances” it allegedly misappropriated. *Id.*
 16 at 1167.

17 In *Perlan, supra*, the trade secrets at issue involved “protein-based therapeutics for the
 18 treatment of diseases...” 178 Cal.App.4th at 1337. The defendants moved for a protective order
 19 to prevent plaintiff from conducting discovery until plaintiff provided a sufficient trade secret
 20 identification. The trial court granted defendants’ motion finding plaintiff’s trade secret
 21 identification insufficient under Section 2019.210. *Id.* at 1341-1342. In reviewing plaintiff’s
 22 trade secret identification, the appellate court noted that “[d]espite the highly technical language
 23 used, it is apparent that this description does not provide **specific identifications of the peptides**
 24 **or reagents used** in the process. Further, the description references approximately 50 additional
 25 documents relating to the [trade secrets].” *Id.* at 1339 (emphasis added). The appellate court
 26 affirmed and provided instructions to trade secret plaintiffs, stating that plaintiff was “not entitled
 27 to include broad, ‘catch-all’ language as a tactic to preserve an unrestricted, unilateral right to
 28 subsequently amend its trade secret statement. ... Nor is [plaintiff] entitled to hide its trade secrets

1 in ‘plain sight’ by including surplusage and voluminous attachments in its trade secret statement.”
 2 *Id.* at 1350. Finally, the *Perlan* court quoted an order from a federal district court case regarding
 3 a plaintiff’s trade secret identification—*Myrio v. Minerva Network Inc.*, No. 00-20996. 2001 U.S.
 4 Dist. LEXIS 10461 (N.D. Cal. 2001). *Perlan*, 178 Cal.App.4th at 1352, fn. 14.

5 *Myrio* is a court order on a defendant’s motion to compel a more particular identification
 6 of trade secrets. The order provides no details on the trade secret at issue. *Id.* at *1-3. However,
 7 the order does provide a succinct standard for plaintiffs to follow when identifying trade secrets:

8 If Plaintiff contends that a trade secret consists of a specific combination of items,
 9 it shall so state and concisely describe the combination. If Plaintiff contends that
 10 its specific use of an otherwise publicly known item constitutes its secret, it shall
 11 so state and concisely describe the use. All trade secrets shall be described in
 narrative form, rather than by cross-reference to other trade secrets or documents.
 If Plaintiff references a document as setting forth one or more trade secrets, it shall
 specify precisely which portions of the document describes the trade secret(s).

12 *Id.* at *2-3.

13 Similarly, in *Silvaco Data Systems v. Intel Corp.*, 184 Cal.App.4th 210 (Cal. Ct. App.
 14 2010), plaintiff alleged that Intel misappropriated its software. Plaintiff’s 2010 “designation
 15 identified trade secrets in six categories, as further detailed in two attached exhibits. The first five
 16 categories, and the first exhibit, referred only to source code.” *Id.* at 221. The sixth category was
 17 described as follows:

18 The sixth category of claimed trade secrets was described as “the ... trade secrets
 19 identified in Exhibit B ... and the source code implementing such trade secrets.”
 ... [T]he exhibit does not designate information as such but rather describes
 20 various features, functions, and characteristics of the design and operation of
 Silvaco’s software products. Thus the first of the 24 listed subcategories is a
 21 “proprietary method” of carrying out a function apparently found in competing
 programs as well. ... This asserted secret is also described as “a methodology for”
 22 implementing that function, apparently in an unusual way, which “contributes [to]
 performance and accuracy improvements.” This “trade secret methodology” is
 23 “implement[ed]” by two named “modules,” also described as “functions,” which
 “represent part” of the critical “algorithm.” Three “unique features” of this
 24 method are listed: The “[i]ntegration” of two other operations; a “[m]ethod” of
 “changing and controlling” a variable, which “affects the performance of the
 25 simulation,” and a mode of “implementation” that produces “[e]fficiency.”

26 Silvaco’s sixth category thus appears to attempt to characterize various aspects of
 the underlying design as trade secrets. This of course contravenes the principles
 27 discussed above. The design may constitute the basis for a trade secret, such that
 information concerning it could be actionably misappropriated; but it is the
 28 information – not the design itself – that must form the basis for the cause of
 action. And while the finished (compiled) product might have distinctive

characteristics resulting from the design – such as improved performance – they cannot constitute trade secrets because they are not secret, but are evident to anyone running the finished program.

Id. at 221-222 (italics in original).

Graves & Range also provide several rules of thumb for courts to consider when evaluating a plaintiff's trade secret identification: (a) courts should not allow plaintiffs to list "only general, high-level categories or technical terms;" (b) an identification with phrases suggesting it is incomplete, such as "including," is *de facto* insufficient; (c) trade secret plaintiffs should not be allowed to point to documents as a substitute for a detailed identification; and (d) courts should require plaintiffs to identify alleged "combination trade secrets" just as they must identify other trade secrets.⁴ Graves & Range, 5 Nw. J. Tech. & Intell. Prop. at 91-93. Finally, the authors conclude with guidelines for trade secret identifications in specific circumstances:

- **Customer Lists and Business Information :** It should be clear that in cases involving simpler types of information such as customer lists, there are no choices other than defining exactly what the alleged secret is or merely listing generic categories. When a plaintiff claims trade secrets in ... business or marketing plans, it should be easy to tell the defendant exactly what the alleged secrets are – the plaintiff can simply name the supposedly secret customers, prices, ideas, and the like.

* * *

- **Software Code:** ... Third, algorithms or formulas existing within code should be identified with exactitude just like mathematical information. Fourth, in the case of algorithms, the plaintiff should identify the precise combination of functions which comprise the algorithms at issue. Similarly, the higher-level architecture of the software should be identified by detailing the combination of the specific algorithms employed. Fifth, where secret data structures are alleged, the nature of those structures should be defined with particularity.

- **Mechanical Devices:** Trade secrets might be embodied in mechanical devices that include several parts unknown to the public or a secret combination of publicly known parts. A plaintiff alleging trade secret claims about a secret part should identify that part in detail. If the plaintiff alleges that the trade secret is a combination of publicly known parts, the plaintiff should identify that combination, and the court should limit the plaintiff's ability to modify the alleged combination.

⁴ "A 'combination trade secret' is a multi-element claim that, when valid, ties non-secret items of information together in a unique manner to form a trade secret. The concept is dangerous, however, because trade secret plaintiffs often string together non-secret items that have no functional interrelationship to avoid a defendant's showing that the individual items are non-secret. Attorneys also use the 'combination' concept to alter claims, and to create more sets of alleged intellectual property than the plaintiff actually thought about or linked together." *Id.* at 77.

1 *Id.* at 94-96.

2 With these principles in mind, it is clear that Plaintiffs' fifth attempt to identify any
3 actionable trade secrets falls far short.

4 **IV. PLAINTIFFS' TRADE SECRET IDENTIFICATION IS INADEQUATE**

5 **A. Plaintiffs' Trade Secrets are a Moving Target**

6 As a threshold matter, it is apparent from the face of Plaintiffs' motion that none of their
7 trade secrets are identified with reasonable particularity. Indeed, Plaintiffs admit that their Trade
8 Secret Identification only "reflects the [integral] aspects of the Locate system" and claim their
9 experts' declarations describe "the specifics of the trade secrets." (Plaintiffs' Revised
10 Memorandum of Points and Authorities, p. 8.) Moreover, the alleged "specifics" are set forth in
11 nearly 100 pages of declaration testimony from four expert witnesses who needed to review
12 numerous documents and interview former Locate employees in a futile attempt to explain
13 Plaintiffs' trade secrets. (See Declaration of Dr. David B. Garlan, ¶ 21; Declaration of Dr. Nenad
14 Medvidovic, ¶ 21; Declaration of Dr. Paul S. Min, ¶ 23; Declaration of Dr. Anant Shahai, ¶ 18;
15 Sullivan Dec., Exs. 14-18.) Thus, Plaintiffs admit the fifth Trade Secret Identification does not
16 comply with Section 2019.210.

17 Second, the ever-changing nature of Plaintiffs' trade secret identifications exemplifies
18 how Plaintiffs intend to misuse the amorphous and malleable language in their fifth Trade Secret
19 Identification. Plaintiffs' **fifth attempt** at identifying their trade secrets is remarkably different
20 from all those before it. A redline comparing each of Plaintiffs' prior Trade Secret Identifications
21 to their current Trade Secret Identification shows that their alleged "trade secrets" are a moving
22 target. (Kyle Dec., Exs. 8-11.) Plaintiffs' shifting trade secrets confirm that Plaintiffs' claims
23 were not well investigated in the first instance and that this case was filed in bad faith.⁵ This is

24 ⁵ As the Court stated on page 22 of its Order Granting in Part and Denying in Part Defendants'
25 Motion for Bond (Dkt. 110), "Defendants have presented significant, un rebutted evidence that
26 Plaintiffs' lawsuit is likely unmeritorious, and brought in bad faith to salvage Gabriel." "[T]he
27 Court is troubled by Plaintiffs' inability to draw any meaningful connection between Locate's
28 technology and the allegedly misappropriated information found in more than 92 patents. The
parties began working together approximately a decade ago, Plaintiffs assert they suspected
wrongdoing in approximately 2007, and they have been investigating their claims for several
years. By now, Plaintiffs should have more than mere allegations to support their theory."

one of the concerns Section 2019.210 is meant to address. *Computer Econ., Inc. v. Gartner Group, Inc.*, 50 F. Supp. 2d 980, 985 (Section 2019.210 “dissuades the filing of meritless trade secret complaints.”)

A continuously changing trade secret designation also precludes the Court from framing the appropriate scope of discovery. It is impossible to know whether Plaintiffs’ discovery requests fall within the scope of their claims when their claims constantly change and where they admit they intend to change them more still. This is particularly troubling given the broad scope of the document requests Plaintiffs have served to date. For example, Plaintiffs have requested (a) all communications between Defendants and any other person regarding SnapTrack; (b) all documents concerning Defendants’ assisted GPS technology; (c) all documents regarding SnapTrack’s patent portfolio; (d) all documents concerning SnapTrack’s broadband networks; (e) all documents concerning Defendants’ method of broadcasting acquisition assistance data; and numerous other overly broad document requests. (Sullivan Dec., Ex. 2, pp. 10-13.) Without a particularized trade secret identification, the Court cannot analyze whether these document requests are within the permissible scope of discovery as delimited by the trade secrets Plaintiffs articulate.

Third, Plaintiffs’ Trade Secret Identification attempts to reserve Plaintiffs’ right to unilaterally “supplement these designations as discovery progresses.” (Kyle Dec., Ex. 7, p. 1.) Such tactics are improper. *Perlan, supra*, 178 Cal.App.4th at 1350. Plainly Plaintiffs want to review Defendants’ documents then further amend their Trade Secret Identification to mirror Defendants’ technology. That is precisely what Section 2019.210 forbids. In fact, this has already happened with publicly available information. Plaintiffs do not allege in their Fourth Amended Complaint that their trade secrets had been incorporated into Qualcomm’s inGeo product. Now, after searching Qualcomm’s website, Plaintiffs re-formulated their Trade Secret Identification in an attempt to implicate inGeo. Similarly, Plaintiffs now attempt to equate Trade Secrets 11 and 12 to Qualcomm Patent No. 7,570,958; Trade Secret 9 to Qualcomm Patent No. 7,574,195; and Trade Secret 10 to Qualcomm Patent 7,747,258. Plaintiffs do not mention these patents anywhere in their Fourth Amended Complaint as part of the trade secrets claim or

otherwise. Plaintiffs are obviously prospecting in defendants' publicly-available information and fabricating claims accordingly. Unless constrained, Plaintiffs will just further amend their Trade Secret Identification to more closely implicate Defendants' technology as discovery progress.⁶

Finally, nearly all of Plaintiffs' purported trade secrets contain discussions of background facts that do not articulate any part of the trade secret itself. For example, Trade Secret No. 2 provides: "[REDACTED]" Trade Secret No. 3 states: "[REDACTED]" Trade Secret No. 4 states: "[REDACTED]" Trade Secret Nos. 5, 6, 7, 8, 9 and 11 contain similar background factual statements. These statements are not trade secrets at all. The fact Plaintiffs felt the need to include them further demonstrates the lack of specificity in their Trade Secret Identification.

B. Plaintiffs' Purported Trade Secrets Are Not Reasonably Particular

Plaintiffs fail to identify their twelve alleged trade secrets with particularity as the Court's Scheduling Order and Section 2019.210 require.

Trade Secret No. 1: [REDACTED]

This alleged trade secret appears to be either a "combination trade secret" or a type of software and its architecture. Similar to the trade secret identification in *Silvaco Data Systems, supra*, this trade secret "describes various features, functions, and characteristics of the design and operation" of Plaintiffs' central-server architecture, but does not set forth what the architecture is. 184 Cal.App.4th at 221 Plaintiffs should "identify the precise combination of functions which comprise the algorithms at issue. Similarly, the higher-level architecture ... should be identified by **detailing the combination of the specific algorithms employed** ... [W]here secret data structures are alleged, the nature of those structures should be defined with

⁶ "[I]t is important to note that the plaintiff's identification of its own alleged intellectual property does not depend on the defendant's documents, because the preliminary question is whether the plaintiff has a trade secret, which must be answered before determining whether the defendant used the secret in its product or services." Graves & Range, 5 Nw. J. Tech. & Intell. Prop. at 73.

1 particularity.” Graves & Range, 5 Nw. J. Tech. & Intell. Prop. at 95 (emphasis added); *see*
 2 *Myrio, supra*, No. 00-20996. 2001 U.S. Dist. LEXIS 10461 at *2-3.

3 The one-sentence trade secret itself contains overly broad, malleable language that can be
 4 altered to fit almost any computer or computer program. Plaintiffs do not specify what “design,”
 5 “implementation,” or “architecture” they created or how that architecture “ [REDACTED] ”
 6 and what “ [REDACTED] ” it was managing. Additionally, Plaintiffs fail to describe how
 7 their “ [REDACTED] ” differs from other systems that
 8 [REDACTED] Such detail is critical since there are possibly an
 9 infinite number of ways to design and implement an “architecture” to [REDACTED]
 10 [REDACTED] (Declaration of Dr. William R. Michalson (“Michalson Dec.”), ¶ 3.)

11 Moreover, the one-paragraph “elaboration” of Trade Secret No. 1 describes: (a) “a central-
 12 server architecture” but fails to describe what that architecture is—i.e. the specific combination of
 13 hardware and software—or how it “ [REDACTED] ” leaving the
 14 architecture open to infinite possibilities; (b) a [REDACTED] without describing the source code
 15 in the [REDACTED] or how the [REDACTED] was novel or even different from the “architecture;” (c) the
 16 architecture being “ [REDACTED] ,” but fails
 17 to actually set forth the design; (d) the “system” being [REDACTED]
 18 [REDACTED] ” but does not detail the
 19 system design or what [REDACTED] ” even means; and (e) a
 20 “paradigm” with no explanation of what the paradigm is. (Michalson Dec., ¶¶ 3-4.) Such “high-
 21 level categories or technical terms” are a textbook example of a deficient trade secret
 22 identification. Graves & Range, 5 Nw. J. Tech. & Intell. Prop. at 91. Plaintiffs simply puff-up
 23 technical jargon to make the Court think a trade secret exists. None does.

24 Also, the last sentence of Trade Secret No. 1 says the architecture was “ [REDACTED] ”
 25 [REDACTED] However, Plaintiffs fail to say by whom it was depicted or where it was
 26 depicted. Based on the documents attached to Plaintiffs’ motion, it appears that the architecture
 27 may have been depicted by others, such as SnapTrack, Glenayre or Cadence, which would
 28 demonstrate that it is not a Locat e trade secret at all. (Sullivan Dec., Exs. 15-17.) Moreover ,

1 Plaintiffs' experts refer to other voluminous documents to explain the trade secret without any
 2 reference to precise pages or items in those documents that Plaintiffs claim are trade secrets (see
 3 Declaration of Dr. Paul S. Min, ¶¶ 43-49, 59-63; Declaration of Dr. David B. Garlan, ¶¶ 46-47).
 4 Incorporating documents by reference fails to particularly identify trade secrets. Graves &
 5 Range, 5 Nw. J. Tech. & Intell. Prop. at 92.

6 Trade Secret No. 2: [REDACTED]
 7 [REDACTED]

8 This trade secret does not describe with any detail how Locate "[REDACTED]"
 9 what makes up the "[REDACTED]" or what "[REDACTED]" are within the "[REDACTED]". This appears to be
 10 some type of algorithm or software architecture, but Plaintiffs fail to identify the precise
 11 algorithms or combinations of algorithms that go into "[REDACTED]" or [REDACTED]
 12 the "[REDACTED]". There are numerous ways to [REDACTED]. In fact, collecting bits
 13 of data and packaging them together before transmission was well-known in the industry prior to
 14 1999. (Michalson Dec., ¶ 6.) Additionally, [REDACTED]
 15 [REDACTED], was well known in the prior art. (*Id.*) Indeed, it is referred to in the SnapTrack
 16 Enhanced GPS Technology White Paper, dated January 1999. (Sullivan Dec., Ex. 17, p. 3
 17 (referring to "[REDACTED]")). Thus, Plaintiffs' failure to provide
 18 specifics makes it impossible to distinguish Trade Secret No. 2 from technology that was known
 19 in the industry, including SnapTrack's.

20 The elaboration of Trade Secret No. 2 also describes how [REDACTED]
 21 [REDACTED]" but does not disclose what [REDACTED] those were or how they were
 22 determined. The elaboration also says that the [REDACTED]
 23 [REDACTED]" but does not detail those [REDACTED]. It also describes [REDACTED]"
 24 and "[REDACTED]" without specifying the precise types of [REDACTED] and
 25 which [REDACTED] were sent. Again, such details are necessary to distinguish
 26 Trade Secret No. 2 from prior art. Even worse, Trade Secret No. 2 states that "The Locate system
 27 included a different and **possibly** even more [REDACTED]..." Such open-ended language is
 28

1 *prima facie* evidence of an insufficient trade secret identification. *See Perlan*, 178 Cal.App.4th at
 2 1350; *Graves & Range*, 5 Nw. J. Tech. & Intell. Prop. at 92. (See also, *Michalson Dec.*, ¶ 5.)

3 Plaintiffs' Trade Secret No. 2 also says that "[REDACTED]"
 4 "[REDACTED]" Tellingly, Plaintiffs do not say Locate provided this information to
 5 SnapTrack and do not identify any particular Locate employee who allegedly conceived of this
 6 purported trade secret. Furthermore, Dr. Sahai admits that one of SnapTrack's patent applications
 7 at the time disclosed the idea of [REDACTED] just not as an exclusive way to deal with
 8 [REDACTED]. (Declaration of Dr. Anant Sahai, ¶ 74.) From that admission alone, it is clear that
 9 Plaintiffs identification of Trade Secret No. 2 does not separate it from what was known in the
 10 industry.

11 Trade Secret No. 3: [REDACTED]
 12 [REDACTED]
 13 [REDACTED]

14 The vague, open-ended nature of Plaintiffs' Trade Secret No. 3 is apparent on its face.
 15 The purported trade secret is "[REDACTED]." But Plaintiffs fail to say just
 16 what that "[REDACTED]" is or how it [REDACTED]. (*Michalson Dec.*, ¶ 7.) Because SnapTrack
 17 provided aGPS technology to Locate, it is critical for Plaintiffs to precisely describe the [REDACTED]
 18 [REDACTED] in order to demonstrate that such [REDACTED]
 19 [REDACTED] had any novelty over SnapTrack's pre-existing technology. (*Michalson Dec.*, ¶
 20 8.) Besides, numerous companies used SnapTrack technology. So a [REDACTED] it is
 21 not a trade secret.

22 The elaboration of Trade Secret No. 3 also lacks specificity. The elaboration states that
 23 Locate's unspecified-[REDACTED]"
 24 It does not however, identify the [REDACTED] It also says that
 25 "Locate implemented an efficient solution" without disclosing the solution. Trade Secret No. 3
 26 also states that it was "[REDACTED]"
 27 [REDACTED]..." Locate's "[REDACTED]" is not a trade secret; the trade secret (if any) is what Locate actually
 28 did. But Plaintiffs refuse to say what Locate's method/solution was. Trade Secret No. 3 further

1 provides: “ [REDACTED]
 2 [REDACTED] ” Providing “examples” of a application of the trade
 3 secret show s that the trade secret itself is not fully disc losed—Plaintiffs must state all of the
 4 implementations of their design. Additionally , [REDACTED]
 5 [REDACTED] was well-known in the art as of 1999. (*Id.*, ¶¶ 7-8.) This is not a trade secret.

6 Finally, the last sentenc e of Trade Secret No. 3 provides: “ [REDACTED]
 7 [REDACTED] ” The fact that this
 8 idea “was explored” do es not explain when Locate purportedly formulated a definite and certain
 9 conception of this [REDACTED] and redu ced it to pr actice. Addition ally, this statem ent provides no
 10 details as to who explored the id ea. It c ould have been SnapTrack, GlenAyre, or Cadence
 11 exploring the idea, in which case it would not be a Locate trade secret at all.

12 Plaintiffs plainly fail to id entify any precise algorithm s or precise com binations of
 13 functions, com binations of specifi c algorithm s or parts, or the pr ecise nature of any structures
 14 employed i n this alleged [REDACTED] Plaintiffs’ e xpert Dr. David B. Garl an em phasized these
 15 ambiguities saying, “As discussed with respect to Trade Secret 1 , Locate’s Sputnik specification
 16 gives a good architectural overview of this approach.” (Decl aration of Dr. David B. Garlan, ¶
 17 55.) W hen Plaintiffs’ own expert cannot describe their trade secr et without reference to a 44-
 18 page document (Sullivan Dec., Ex. 14), the trade secret is not reasonably particular.

19 Trade Secret No. 4 : [REDACTED]
 20 [REDACTED].

21 The lack of particularity in Trade Secret No . 4 is appalling. It is described as an
 22 “algorithm,” but nowhere do Plaintif fs state what the algorithm is. It is impossible to distinguish
 23 Plaintiffs’ “algorithm” from others known in th e field without knowing wh at the algorithm is.
 24 (Michalson Dec., ¶¶ 9-10.) W hen claim ing a n algorithm as a trade secret, Plaintiffs should
 25 “identify the precise combination of functions whic h comprise the algorithms at issue. Similarly,
 26 the higher-level architecture ... sho uld be iden tified by detailing the combination of the spec ific
 27 algorithms employed.” Graves & Range, 5 Nw. J. Tech. & Intell. Prop. at 95. Plaintiffs fail to do
 28

1 so. Instead, they describe the alleged algorithm using only high-level categories and technical
2 terms.

3 For example, Plaintiffs state that the algorithm [REDACTED],” but do not specify
4 what information it [REDACTED] or how. They also describe “[REDACTED]
5 [REDACTED],” but fail to identify the [REDACTED], its [REDACTED],” or how it is [REDACTED]
6 Trade Secret No. 4 goes on to state that its “method” (again without disclosing the method)
7 “[REDACTED],” without identifying those [REDACTED] and that its
8 [REDACTED]
9 [REDACTED]” Terms like “included” are broad catch-all phrases that are *prima facie* evidence that a
10 trade secret identification is insufficient. *Graves & Range*, 5 Nw. J. Tech. & Intell. Prop. at 91-
11 92. It leaves open the question of what else was included in the [REDACTED] thus allowing Plaintiffs
12 to adjust their interpretation of this trade secret to cover after-acquired evidence. Lastly, the final
13 sentence of Trade Secret No. 4 says: “[REDACTED]
14 [REDACTED]” Such a broad sentence is open to multiple interpretations. Was it
15 SnapTrack that provided this [REDACTED] to Locate? If so, that would show that Trade Secret
16 No. 4 is not a Locate trade secret at all.

17 Trade Secret No. 5: [REDACTED]
18 [REDACTED]

19 Trade Secret No. 5 describes a software/software architecture trade secret. (See
20 Declaration of Dr. Paul S. Min, ¶ 85.) However, its description fails to provide any particularity
21 into how the software operates. The trade secret is described as [REDACTED]
22 [REDACTED],” but does not provide any
23 details on how the [REDACTED] Instead, Plaintiffs
24 state that “Locate developed a solution to this problem,” but do not describe what that solution
25 actually was. [REDACTED] was a well-
26 known concept in the field at the time. (Michalson Dec., ¶ 11-12.) Thus, in order for Plaintiffs’
27 “solution” to be a trade secret, they must be able to articulate exactly what the solution was to
28 distinguish it from what was already known. Additionally, Defendants need to know the precise

1 algorithm and software architecture that was employed to be able to analyze their own technology
2 to determine whether it used the same “solution.”

3 Trade Secret No. 6: [REDACTED]
4 [REDACTED]

5 Trade Secret No. 6 is best described as a “business information” trade secret. Plaintiffs
6 claim they had determined a [REDACTED] yet fail to [REDACTED]

7 [REDACTED]
8 [REDACTED] “When a plaintiff claims trade secrets in ... business or marketing plans,
9 it should be easy to tell the defendant exactly what the alleged secrets are – the plaintiff can
10 simply name the supposedly secret customers, prices, ideas, and the like.” Graves & Range, 5
11 Nw. J. Tech. & Intell. Prop. at 94. By refusing to [REDACTED] Plaintiffs
12 have not complied with this simple task. (Michalson Dec., ¶¶ 13-14.) Moreover, trade secret 6 is
13 entirely new and is not encompassed in the allegations of the Fourth Amended Complaint.

14 Trade Secret No. 7: [REDACTED]
15 [REDACTED].

16 Trade Secret No. 7 is another software architecture trade secret. (See Declaration of Dr.
17 Nenad Medvidovic, ¶¶ 56-60.) As with their other trade secrets, Plaintiffs use only broad
18 descriptions of characteristics rather than specifying the precise algorithms and combinations of
19 algorithms that comprise the trade secret. The one-sentence trade secret is emblematic of
20 Plaintiffs’ failure to particularly identify their trade secrets. It does not identify what “[REDACTED]
21 [REDACTED]” is included in the [REDACTED] or the “[REDACTED]” on which it is sent. Also,
22 Trade Secret No. 7 states that the [REDACTED]”
23 which begs the question: what else did the message include? Again, such open-ended language
24 renders Plaintiffs’ Trade Secret Identification inadequate on its face because it shows that the
25 trade secret has not been fully articulated. The one-paragraph “elaboration” provides that “Locate
26 developed a solution to this problem” but does not describe the solution. Plaintiffs do not specify
27 how the [REDACTED] Without such details, one
28

1 cannot distinguish Plaintiffs' "solution" from what was known in the field. (Michalson Dec., ¶¶
2 15-16.)

3 Moreover, Plaintiffs' purported Trade Secret No. 7 says that "[REDACTED]"
4 [REDACTED]
5 [REDACTED]" The trade secret does not, however, say what the "[REDACTED]"
6 [REDACTED]" is, what specific "[REDACTED]" was performed, or what "[REDACTED]"
7 was [REDACTED]. Trade Secret No. 7 goes on to state, [REDACTED]
8 [REDACTED]
9 [REDACTED]" Again, there is no explanation of what the "system" is or how it works and no
10 description of what "[REDACTED]" is or what specific [REDACTED] is included. (*Id.*) There is also
11 not a complete list of all [REDACTED]
12 [REDACTED]" Lastly, Trade Secret No. 7 states: "[REDACTED]"
13 [REDACTED]" Again, Plaintiffs do not say explicitly that Locate conceived of the
14 alleged trade secret and reduced it to practice rather than hearing it from SnapTrack or others.
15 Discussing an idea is not the same thing as conceiving a trade secret.

16 Trade Secret No. 8: [REDACTED]
17 [REDACTED]

18 Trade Secret No. 8 appears to be a combination of a software trade secret (see Declaration
19 of Dr. Nenad Medvidovic, ¶¶ 61-64) and a business information trade secret (see Declaration of
20 Dr. Anant Sahai, ¶¶ 64-66). As for the business information aspect, Plaintiffs' expert Dr. Sahai
21 describes the numerous amounts and types of [REDACTED]
22 and states that Locate chose a portion of such [REDACTED] (*Id.*) However, Plaintiffs' Trade
23 Secret No. 8 does not set forth exactly what [REDACTED] Locate chose to [REDACTED]

24 Trade Secret No. 8 also states, "[REDACTED]"
25 [REDACTED]" but does not set forth the [REDACTED]
26 [REDACTED] or how they were determined. As with Trade Secret No. 7, this
27 trade secret repeats the statement that [REDACTED]
28 [REDACTED]" Trade Secret No. 8

also fails to state what the [REDACTED] is, what specific [REDACTED] was performed, or what [REDACTED]. Trade Secret No. 8 also provides: [REDACTED] [REDACTED] but fails to articulate exactly what it added those pieces of information to or whether Locate “chose to add” any other bits of information. (See Michalson Dec., ¶¶ 17-18.) This purported trade secret also calls out a [REDACTED] but again, there is no description or particularized statement of what that “architecture” is.⁷

Trade Secret No. 9: [REDACTED]

This trade secret consists of software and its higher-level architecture. (See Plaintiffs’ Revised Memorandum of Points & Authorities, p. 12.) It begins with the phrase [REDACTED],” but fails to disclose how the [REDACTED] what [REDACTED] even means, or what the [REDACTED] were. Trade Secret No. 9’s one-paragraph “elaboration” states that the [REDACTED] Conspicuously absent is any description of how the [REDACTED]. Further, Plaintiffs say that the [REDACTED],” but don’t specify what the “system” is or how it [REDACTED]. Moreover, Trade Secret No. 9 goes on to describe several applications for this purported trade secret, but does not state whether these were all of the applications. Open-ended descriptions of examples show that Plaintiffs have not fully-articulated the trade secret. Also, Plaintiffs say that one application “ [REDACTED] [REDACTED]” but do not list or specify what those [REDACTED] are. All of these details are necessary to distinguish Trade Secret No. 9 from the prior art. (See Michalson Dec., ¶¶ 19-20.) Plaintiffs’ expert Dr. David B. Garlan highlights the startling lack of specificity when he says that the system required [REDACTED] [REDACTED]” without any description of what those [REDACTED] were. (See Declaration of Dr. David B. Garlan, ¶¶ 61-62.)

⁷ Presumably, Plaintiffs will argue that this refers back to Trade Secret No. 1, which also does not detail the central-server architecture with any particularity.

1 Trade Secret No. 10: [REDACTED]

2 [REDACTED].

3 Trade Secret No. 10 is also a software/software architecture trade secret. (See Declaration

4 of Dr. David B. Garlan, ¶¶ 66-68; Declaration of Dr. Nenad Medvidovic, ¶¶ 71-75.) As with

5 Plaintiffs' other trade secrets, Trade Secret No. 10 is not reasonably particular because it fails to

6 describe the method by which Locate [REDACTED]."

7 The trade secret states: "[REDACTED]"

8 [REDACTED]."

9 However,

10 Plaintiffs do not specify how the [REDACTED] was obtained or what the "[REDACTED]"

11 [REDACTED]" is, which is necessary to distinguish it from prior systems that performed

12 the same function. (Michalson Dec., ¶¶ 21-22.)

13 Trade Secret No. 10 goes on to state that the "[REDACTED]" was [REDACTED] at

14 Locate's request. This begs the question: How are [REDACTED] made to its own

15 [REDACTED] a Locate trade secret? Even more egregious is that Plaintiffs say an [REDACTED]

16 [REDACTED] was part of its requirements for [REDACTED].

17 This demonstrates that at the time Locate had not developed the trade secret but wanted to

18 develop it as part of its [REDACTED] creation. Moreover, the SnapTrack, Inc. Enhanced GPS

19 Technology White Paper dated January 1999 specifies that Snap Track's system provides an

20 [REDACTED] (Sullivan Dec., Ex. 17, p. 3.) It is

21 apparent that Plaintiffs are attempting to claim Defendants' pre-existing technology as their

22 "trade secret."

23 Trade Secret No. 11: [REDACTED]

24 According to Plaintiffs, Trade Secret No. 11 describes a "[REDACTED]" which is

25 essentially a computer program. (Declaration of Dr. Nenad Medvidovic, ¶ 78.) The trade secret's

26 description states that an "[REDACTED]"

27 [REDACTED]" However, the trade secret identification fails to describe all of the [REDACTED]"

28 (described as "[REDACTED]" [REDACTED]" and [REDACTED]" by Dr. Medvidovic) that comprise the [REDACTED]

1 [REDACTED]. (*Id.*) In fact, Trade Secret No. 11 states that the [REDACTED]
 2 This is just another instance of open-ended language showing that Plaintiffs have not fully
 3 articulated their trade secrets. Moreover, Trade Secret No. 11 fails to provide the algorithm(s) or
 4 combinations of algorithms by which an [REDACTED]. Since allowing
 5 [REDACTED] was well-known in the art as of June 1999 (see Michalson Dec., ¶¶ 23-24),
 6 such information is necessary to distinguish Trade Secret No. 11 from the prior art. Lastly, Trade
 7 Secret No. 11 states that “ [REDACTED] ”
 8 Discussed by whom — SnapTrack? “Discussing” a system is not the same thing as actually
 9 creating and implementing the system.

10 Trade Secret No. 12: [REDACTED]
 11 [REDACTED]
 12 [REDACTED]
 13 [REDACTED]

14 Trade Secret No. 12 appears to be a catch-all or combination trade secret that
 15 encompasses Trade Secret Nos. 1-11 and attempts to classify the combination of all of those trade
 16 secrets as a separate trade secret. “[Combination trade secrets are] dangerous, however, because
 17 trade secret plaintiffs often string together non-secret items that have no functional
 18 interrelationship to avoid a defendant’s showing that the individual items are non-secret.
 19 Attorneys also use the ‘combination’ concept to alter claims, and to create more sets of alleged
 20 intellectual property than the plaintiff actually thought about or linked together.” Graves &
 21 Range, 5 Nw. J. Tech. & Intell. Prop. at 77. As with all of Plaintiffs’ other purported trade
 22 secrets, Trade Secret No. 12 lacks any detail. It describes a “[REDACTED],” but does
 23 not describe what that architecture is (hardware, software, algorithms, source code, etc.). Trade
 24 Secret No. 12 states that the system [REDACTED]” but does not
 25 detail how they were [REDACTED] or even what [REDACTED]. “If
 26 Plaintiff contends that a trade secret consists of a specific combination of items, it shall so state
 27 and concisely describe the combination.” *Myrio, supra*, No. 00-20996. 2001 U.S. Dist. LEXIS
 28 10461 at *2-3.

Trade Secret No. 12 also fails to specifically list the business information—e.g. [REDACTED]
 [REDACTED]—that are used by the system. Without precise
 identification of all of the components of the system, Plaintiffs have failed to identify Trade
 Secret No. 12 with reasonable particularity. (Michalson Dec., ¶¶ 25-26.) Finally, the last
 sentence of Trade Secret No. 12 typifies the lack of particularity found throughout Plaintiffs’
 Trade Secret Identification: “[REDACTED]”
 The fact that Locate was incorporated to develop the system shows that the system had not yet
 been created and, therefore, was not a trade secret at the time. Defendants and the Court have a
 right to know what the “system” was in detail and when it was actually created, if ever.

V. SECTION 2019.210 APPLIES IN FEDERAL COURT

A. The Court Already Ruled that Section 2019.210 Applies

Plaintiffs make the specious argument that Section 2019.210 does not apply in federal
 court. Plaintiffs are wrong for several reasons. First of all, this Court already decided that
 Section 2019.210 applies in this case. (Scheduling Order dated March 30, 2010 citing the holding
 in *Computer Economics* and ordering that Section 2019.210 applies to this case.) (See Kyle Dec.,
 Ex. 1.) Second, Plaintiffs’ reliance on *Hilderman v. Enea Teksci, Inc.*, No. 05cv1049, 2010 U.S.
 Dist. LEXIS 1527, at *9 (S.D. Cal. Jan. 8, 2010) is misplaced. *Hilderman* was decided more than
 two months before this Court’s Scheduling Order. This Court decided that Section 2019.210
 applies regardless. Also, Plaintiffs failed to object to the Court’s Scheduling Order at any time
 until now, even though *Hilderman* issued over a year ago. Moreover, *Hilderman* is a non-
 published order and has no precedential value. See 9th Cir. R. 36-3(a); *Hart v. Massanari*, 266
 F.3d 1155, 1159-1180 (9th Cir. 2001). Additionally, the ruling in *Hilderman* is dicta. In
Hilderman, the issue was whether the cross-complainant could introduce evidence of trade secrets
 beyond those identified in its trade secret identification. *Id.* at *3. Section 2019.210 was
 inapposite to that issue because the cross-complainant had already made its trade secret
 identification and the adequacy of that identification was not at issue. Besides, the Southern
 District of California has already ruled in a published decision that Section 2019.210 does apply
 in federal court. *Computer Econ., Inc., supra*, 50 F. Supp. 2d 980 (S.D. Cal. 1999).

B. The *Erie* Doctrine Requires the Court to Apply Section 2019.210

Even if *Computer Econ.* did not decide the issue and this Court had not ruled that Section 2019.210 applies in this case, it would apply nevertheless. When issues of state law are being tried in federal court, a federal court must apply state substantive law and federal procedural law. *Id.* at 986; *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938). Determining whether the state or federal law applies requires a two-step analysis. “First, the court must determine whether the state rule conflicts with an applicable Federal Rule of Civil Procedure. If so, principles of federal supremacy require the court to apply the Federal Rule rather than the state law. . . . Otherwise, the court must analyze whether failure to apply the state law would either significantly affect the outcome of the litigation or encourage litigants to file their actions in federal court.” *Computer Econ., Inc.*, 50 F. Supp. 2d at 986.

1. Section 2019.210 Does Not Conflict With Rule 26

“The initial step is to determine whether, when fairly construed, the scope of a Federal Rule is ‘sufficiently broad’ to cause a ‘direct collision’ with the state law or, implicitly, to ‘control the issue’ before the court, thereby leaving no room for the operation of state law.” *Burlington Northern R.R. Co. v. Woods*, 480 U.S. 1, 5 (1987). A “direct collision” occurs only when it is not possible to comply with both the Federal Rule and the state law. *Id.* at 7. There is no direct collision between Rule 26 of the Federal Rules of Civil Procedure and Section 2019.210.

Rule 26(b)(1) provides that the scope of discovery may be “limited by court order.” Here, the Court did so by applying Section 2019.210. There is no collision such that it is not possible to comply with both Rule 26 and Section 2019.210; rather, Rule 26 expressly contemplates a situation where a court may limit discovery for any number of reasons, including Plaintiffs failure to identify trade secrets with requisite particularity.

Plaintiffs’ reliance on the reasoning of *Funcat Leisure Craft, Inc. v. Johnson Outdoors, Inc.*, No. S-06-0533, 2007 U.S. Dist. LEXIS 8870 at *1, is also misplaced. In *Funcat Leisure Craft*, the court used outcome-determination reasoning to decide the issue of whether Section 2019.210 applies in federal court. It reasoned that “[i]f Rule 26 applies, plaintiffs may go forward

1 with the instant discovery. If § 2019.210 applies, plaintiffs are prevented from pursuing
 2 discovery if the insufficiency of their § 2019.210 statement is adversely determined.” *Id.* at *7.
 3 However, “[o]utcome-determination’ analysis was never intended to serve as a talisman.”
 4 *Hanna v. Plummer*, 380 U.S. 460, 466 – 467 (1965). Therefore, outcome-determination should
 5 not override “the twin aims of the *Erie* rule: discouragement of forum-shopping and avoidance of
 6 inequitable administration of the laws.” *Id.* at 468. “[C]hoices between state and federal law are
 7 to be made not by application of any automatic, ‘litmus paper’ criterion, but rather by reference to
 8 the policies underlying the *Erie* rule.” *Id.* at 467. “The *Erie* rule is rooted in part in a realization
 9 that it would be unfair for the character or result of a litigation materially to differ because the suit
 10 had been brought in a federal court.” *Id.* Thus, the mere possibility of different outcomes is not a
 11 permissible basis under *Erie* for a court to reject Section 2019.210. Indeed, that rationale would
 12 lead to forum-shopping of trade secret cases to federal courts just to avoid the strictures of
 13 Section 2019.210, an evil the *Computer Econ.* court envisioned and prohibited. *See* 50 Supp. 2d
 14 at 992.

15 Moreover, contrary to the reasoning in *Hilderman*, Section 2019.210 does not frustrate the
 16 purposes of Rule 26. Rather than forbidding discovery to which a plaintiff would otherwise be
 17 entitled, Section 2019.210 helps **define** the scope of discovery by placing boundaries on a
 18 plaintiff’s alleged trade secrets. *Computer Econ., Inc.*, 50 F. Supp. 2d at 989 (“requiring a
 19 plaintiff to identify its trade secrets before discovery *assists* the court in ascertaining whether
 20 plaintiff’s requests for discovery fall within the permissible discovery under Rule 26(b)(1).”)

21 **2. Section 2019.210 is a Substantive State Law**

22 Once a court determines that Section 2019.210 does not conflict with a Federal Rule, the
 23 court should apply the principles of the *Erie* doctrine to determine whether it must enforce the
 24 state rule. *Id.* at 990. If the state law is clearly substantive, the court must enforce it. *See Byrd v.*
 25 *Ridge Rural Electrical Cooperative, Inc.*, 356 U.S. 525, 536 (1958). A state rule of procedure is
 26 substantive in nature “though undeniably ‘procedural’ in the ordinary sense of the term, [when it]
 27 is limited to a particular substantive area” of the law.” *S. A. Healy Co. v. Milwaukee Metro.*
 28 *Sewerage Dist.*, 60 F.3d 305, 310 (7th Cir. 1995) (labeling such situations “a class of pretty easy

cases”). Because Section 2019.210 only impacts trade secret claims and was created as part of California’s adoption of the Uniform Trade Secrets Act, it is substantive and the Court should enforce it. *See Computer Economics* 50 F. Supp. 2d at 985, n6.

3. Failure to Apply Section 2019.210 Would Encourage Forum Shopping

Even if the state rule “is not ‘clearly substantive,’ *Erie* requires the court to analyze the probable effect failure to apply the rule would have on the behavior of the litigants or the outcome of the case. Specifically, the state rule should apply when the failure to do so would significantly affect the outcome of the litigation, encourage forum shopping, or result in ‘inequitable administration of the laws.’” *Id.* at 991 (quoting *Gasperini v. Center for Humanities, Inc.*, 518 U.S. 415, 428 (1996)). Where “application of the rule would have so important an effect upon the fortunes of one or both of the litigants that failure to enforce it would be likely to cause a plaintiff to choose the federal court,” the federal court should enforce the state rule. *Hanna*, 380 U.S. at 468, n9.

A federal court should apply “ostensibly procedural” state rules when the failure to do so would encourage plaintiffs to file actions in federal court. *Computer Econ. Inc.*, 50 F. Supp. 2d at 991 (citing *Woods v. Holy Cross Hospital*, 591 F.2d 1164, 1168 (5th Cir. 1979)). The court in *Computer Econ.* catalogued the obvious forum-shopping concerns that would arise if Section 2019.210 were not available to defendants in the federal courts:

A plaintiff with a weak trade secret claim would have ample reason to choose federal court if it offered a chance to circumvent the requirements of CCP Section 2019(d). Non-application of CCP Section 2019(d) would entitle a plaintiff to virtually unlimited discovery, enhancing its settlement leverage and allowing it to conform misappropriation claims to the evidence produced by the defendant in discovery. This would inequitably deprive defendants of the protections of CCP Section 2019(d) and attract to federal court the unsupported trade secret lawsuits the statute was enacted to deter.

Id. at 992.

Refusing to apply Section 2019.210 in federal courts would certainly encourage forum shopping. Any plaintiff seeking to avoid its provisions would attempt to find a federal claim to add onto its trade secrets claim and thereby have its case heard in federal court. Moreover, failure to apply Section 2019.210 would affect the outcome of the litigation by requiring defendants to

1 produce documents before plaintiffs have defined their trade secrets, thereby enlarging the scope
 2 of discovery and subjecting defendants to the possibility that plaintiffs would craft their trade
 3 secret claims around the discovery produced by defendants, just as Plaintiffs are obviously
 4 attempting to do here. Furthermore, it would encourage plaintiffs to file unmeritorious trade
 5 secret claims as a tool to obtain information about defendants' technology. Accordingly, under
 6 the *Erie* doctrine, Section 2019.210 applies in federal courts and the Court should apply it here.

7 VI. CONCLUSION

8 For over two years, Plaintiffs have been making this case up as they go along. After five
 9 attempts, they still cannot identify any of their alleged trade secrets with the particularity required
 10 by this Court. Plaintiffs fifth Trade Secret Identification is replete with general concepts and
 11 open-ended language, leaving it open to endless interpretations. Indeed, even Plaintiffs admit that
 12 their latest Trade Secret Identification reflects only certain "aspects" of their trade secrets.
 13 Moreover, Plaintiffs attempt to reserve the right to amend their Trade Secret Identification at any
 14 time they wish. Section 2019.210 was enacted to prevent precisely this type of abuse.
 15 Recognizing their inability to identify their trade secrets with any specificity, Plaintiffs make the
 16 specious argument that Section 2019.210 does not apply in federal court. This Court has already
 17 ruled that Section 2019.210 does apply and should maintain its order.

18 In sum, Plaintiffs have refused to comply with the Court's order to identify their trade
 19 secrets with reasonable particularity. Therefore, the Court should deny Plaintiffs' motion to
 20 compel.

21
 22 Dated: January 24, 2011

COOLEY LLP

23
 24 /s/ John S. Kyle

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